



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.lacounty.gov>

DAVID E. JANSSEN
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

May 3, 2007

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

SACRAMENTO UPDATE

Pursuit of County Position on Legislation

SB 936 (Perata) as amended on April 25, 2007, would increase the disability benefits paid to employees injured during the course of employment. Payments to those injured after January 1, 2008 would be increased with additional benefit increases for those injured after January 1, 2009, and January 1, 2010. The language of this bill is similar to that of County-opposed SB 815 (Perata) in 2006 that was vetoed by the Governor.

Under current law, permanent disability payments are designed to compensate for the diminished ability to compete in the open labor market. This is accomplished by adjusting for the injured worker's reduced future earning capacity. According to CAO Risk Management staff, the State Division of Workers' Compensation is conducting a wage loss study to determine any appropriate and necessary changes to the permanent disability rating schedule. They expect the study to be completed in the near future. Until this study has been completed, it would be premature to raise permanent disability payments in the absence of objective statistical data. An analysis of SB 815 in 2006 estimated an increase of 16.6 percent in workers' compensation costs or approximately \$45 million a year for the County. Similar costs are expected if SB 936 is enacted.

Consistent with County policy to oppose legislation that erodes the medical reforms accomplished by the 2003-04 session workers' compensation reform legislation, and previous opposition to SB 815 (Perata) in 2006, our **Sacramento advocates will oppose SB 936**. This bill will be heard before the Senate Labor and Industrial Relations Committee on May 9, 2007.

AB 419 (Lieber), as introduced on February 16, 2007, would authorize additional safety employees to receive up to a one year leave of absence with full pay for job related injuries under Labor Code Section 4850.

Under current law, injured employees are entitled to temporary disability benefits of two thirds of their regular wages. These payments are not subject to social security or income taxes so the net pay to the worker would be approximately equal to the employee's normal pay. For some safety officers, disability pay is equal to 100 percent of the injured employee's normal pay for a period of up to one year. These payments are similarly exempt from taxes. After the one year period, public safety officers that remain disabled are paid at the two thirds rate.

Injured safety employees that are not currently members of the Public Employees' Retirement System, the Los Angeles City Retirement System, or a county retirement system subject to the County Employees' Retirement Law of 1937 (including Los Angeles County) are not eligible for time off under the provisions of Labor Code Section 4850. Currently, County reserve deputy sheriffs and City of San Jose police officers, for example, are not eligible for the enhanced benefits. This bill would remove these limitations.

According to CAO Risk Management staff, the cost impact of this bill to Los Angeles County will vary from year to year and is in the range of hundreds of thousands of dollars annually. The Assembly Appropriations Committee analysis estimates statewide costs to be several million dollars per year.

Consistent with County policy to oppose legislation that erodes the medical reforms accomplished by the 2003-04 session workers' compensation reform legislation, our **Sacramento advocates will oppose AB 419**. Due to the potential significant cost associated with this bill, it is currently being held in the Assembly Appropriations Committee's Suspense file.

Status of County-Advocacy Bills

County-opposed AB 166 (Bass), which would expand the presumption of work related injury to include the development of a methicillin resistant staphylococcus aureus (MSRA) infection, was placed on the Assembly Appropriations Committee's Suspense file on May 2, 2007.

Each Supervisor

May 3, 2007

Page 3

County-supported SB 286 (Dutton), which would require that the bond funds from Proposition 1B for local streets and roads be allocated by the State Controller in two cycles that cover four years, with the first cycle of payments to be made to eligible local agencies not later than January 1, 2008, and the second round to be made not later than January 1, 2010, passed the Senate Transportation and Housing Committee on April 24, 2007, as amended, by a vote of 10 to 1, and now proceeds to the Senate Appropriations committee. The amendments require at least one half of each eligible local agency's total allocation amount to be made during the first cycle and would require funds to be expended within three fiscal years from the date of allocation. This measure has an urgency clause.

County-opposed SB 352 (Padilla), which would amend the Labor Code to eliminate current restrictions on chiropractic, occupational therapy, and physical therapy visits by law enforcement employees recovering from work related injuries, was heard before the Assembly Appropriations Committee on April 23, 2007, and was placed on its Suspense file.

We will continue to keep you advised.

DEJ:GK

MAL:EW:acn

c: All Department Heads
Legislative Strategist
Local 660
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participants